

# **State of Alaska FY2009 Governor's Operating Budget**

## **Department of Transportation/Public Facilities International Airport Systems Office Component Budget Summary**

**Component: International Airport Systems Office**

**Contribution to Department's Mission**

Provide relevant and reliable financial information to the Alaska International Airports System (AIAS) and its stakeholders.

**Core Services**

- Under Commissioner delegated authority, establish uniform rates and charges for air carriers, concessionaires, and others utilizing the AIAS, which consists of the Ted Stevens Anchorage International Airport (ANC) and Fairbanks International Airport (FAI) and perform ongoing evaluation of those rates and charges to ensure financial goals are achieved.
- Provide for timely and informative financial reporting for use by State, Federal Aviation Administration (FAA), airport management, air carriers, rating agencies and bondholders, and other AIAS stakeholders.
- Ensure effective and appropriate accounting and financial internal controls, policies and procedures are in place for AIAS.
- Evaluate the fiscal impact of airport development and administration plans such as terminal and field expansion, parking garages, land lease rates and aircraft tie-down fees and develop fiscal constraints to be followed by management.
- Identify auditing needs and arrange for and oversee the annual enterprise fund external financial audit by independent Certified Public Accountants.
- Assist in the negotiation of the airport operating agreement and in the implementation and monitoring of its requirements.
- Monitor AIAS capital project funding needs, ensuring appropriate financing methodologies are employed and that alternatives are reviewed and considered as market conditions and funding requirements warrant.
- Coordinate AIAS revenue bond issues, including timely fulfillment of ongoing disclosure requirements.

FY2009 Resources Allocated to Achieve Results		
<b>FY2009 Component Budget: \$1,033,300</b>	<b>Personnel:</b>	
	Full time	4
	Part time	0
	<b>Total</b>	<b>4</b>

**Key Component Challenges**

In a continued effort to improve long-term financial planning efforts, the AIAS will work with system airports to refine capital improvement programs through 2015. To augment this goal, the AIAS anticipates completion of a system debt policy. This document, in combination with near-term updates of the airports' master plans, will provide the tools to assist in meeting infrastructure requirements through viable long-term funding plans over the next 5-10 year framework. The existence of an updated CIP allows personnel to devote more time to individual project management and minimize that spent on long-range and prototype planning. The AIAS will continue to refine this plan during FY09.

Nearly half of the AIAS operating budget provides funds for an Airlines Technical Representative (ATR) contract. These technical consultants are primarily selected by and represent the interests of AIAS signatory airlines in matters regarding rates and fees, capital projects, and operating agreement negotiations. The AIAS also manages contracts for other consultants who serve the State on use and lease negotiations, revenue bond issues and day to day matters regarding airline rates and fees. The AIAS administers these contracts to help effectively and efficiently manage

relations and negotiations between the air carriers using the AIAS airports and the airport administration. The goal is to ensure optimal provision of service to the State's citizens who are the ultimate AIAS end-users.

The AIAS airports have undertaken two large terminal projects and a number of other smaller, though substantial projects scheduled for completion over the next 2-3 years. The AIAS is closely involved in the monitoring of these projects, especially regarding financing. This entails managing funds from revenue sources which affect airline rates, such as revenue bond, passenger facility charges (PFC's), and international airport revenue funds collected through rates and charges. The AIAS is also closely involved in ensuring airline approval and adequate legislative authority is obtained for the AIAS capital program to help ensure completing individual projects on time and within budget.

**Significant Changes in Results to be Delivered in FY2009**

No significant changes are anticipated.

**Major Component Accomplishments in 2007**

- Undertook analysis of certified activity reporting process (the self reporting system under which a majority of AIAS revenues are collected) and identified significant opportunities to implement enhanced internal controls over revenue collection activities through enhanced electronic reporting methods and use of independent audit sources. Initiated a program to modify existing methodologies and implement additional internal controls.
- Continued negotiations with AIAS signatory airlines for a new operating use and lease agreement, with an anticipated conclusion of negotiations and implementation sometime in FY08.
- Continued ANC's and FAI's passenger facility charge (PFC) programs and anticipate new PFC application(s) in FY08-FY09. These programs have proven to be highly successful in providing each airport with additional capital to fund passenger-related projects.

**Statutory and Regulatory Authority**

FAR Part 108, 612  
 AS 18 Health/Safety  
 AS 37.15.430

<b>Contact Information</b>
<p><b>Contact:</b> Keith Day, Controller  <b>Phone:</b> (907) 266-2404  <b>Fax:</b> (907) 266-2100  <b>E-mail:</b> Keith.Day@alaska.gov</p>

**International Airport Systems Office  
Component Financial Summary**

*All dollars shown in thousands*

	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	286.5	326.1	340.4
72000 Travel	2.0	23.0	23.0
73000 Services	543.3	590.0	655.0
74000 Commodities	4.5	4.1	4.1
75000 Capital Outlay	0.0	10.8	10.8
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>836.3</b>	<b>954.0</b>	<b>1,033.3</b>
<b>Funding Sources:</b>			
1027 International Airport Revenue Fund	836.3	954.0	1,033.3
<b>Funding Totals</b>	<b>836.3</b>	<b>954.0</b>	<b>1,033.3</b>

**Summary of Component Budget Changes  
From FY2008 Management Plan to FY2009 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2008 Management Plan</b>	<b>0.0</b>	<b>0.0</b>	<b>954.0</b>	<b>954.0</b>
<b>Adjustments which will continue current level of service:</b>				
-FY 09 Health Insurance Increases for Exempt Employees	0.0	0.0	0.2	0.2
-FY 09 Bargaining Unit Contract Terms: General Government Unit	0.0	0.0	14.1	14.1
<b>Proposed budget increases:</b>				
-Increase for radar based aircraft activity recording system	0.0	0.0	65.0	65.0
<b>FY2009 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>1,033.3</b>	<b>1,033.3</b>

**International Airport Systems Office  
Personal Services Information**

<b>Authorized Positions</b>		<b>Personal Services Costs</b>		
	<u>FY2008</u>	<u>FY2009</u>		
	<u>Management</u>	<u>Governor</u>		
	<u>Plan</u>			
Full-time	4	4	Annual Salaries	209,140
Part-time	0	0	COLA	12,708
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	121,137
			<i>Less 0.75% Vacancy Factor</i>	(2,585)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>4</b>	<b>4</b>	<b>Total Personal Services</b>	<b>340,400</b>

**Position Classification Summary**

<b>Job Class Title</b>	<b>Anchorage</b>	<b>Fairbanks</b>	<b>Juneau</b>	<b>Others</b>	<b>Total</b>
Accountant II	1	0	0	0	1
Accountant IV	1	0	0	0	1
Accounting Clerk I	1	0	0	0	1
Intl Airpts Controller	1	0	0	0	1
<b>Totals</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>